

Mountain View Highway price to go up several million dollars

Donation withdrawn » Developer says he can no longer afford to give property to state

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Ephraim » One of three Salt Lake Valley developers who pledged tens of millions of dollars worth of land for the state's Mountain View highway is backing out, Utah Transportation Commission members learned at their meeting here Thursday.

Wasatch South Hills reneged on a pledge of 50-60 acres in Herriman that company president Dave Millheim estimated is worth between \$8 million and \$10 million. The loss of the half-mile right of way won't delay the phased construction of the freeway through the valley's west side, but it will cost the state extra for a project that started out with an estimated price tag above half a billion dollars.

The national economic downturn hacked into the value of the 500 acres Wasatch South Hills seeks to develop into 2,209 homes near the planned highway, Millheim said Thursday. That means the company must sell more to recoup what it invested when land prices were higher, and that includes the highway corridor.

"The market has crashed. We're not in a position that we can economically support that donation," Millheim said. "We're sorry that times have changed, but we have a fiduciary responsibility to our investors to do what's in their best interests."

Millheim stood with then-Utah House Speaker Greg Curtis and representatives of Kennecott Land Co. and Sorenson Development at an early 2008 Capitol news conference to announce a trio of land grants then estimated to save the

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state \$60 million or more on the highway. The developers acknowledged that the highway improved access to their properties and made good business sense. Millheim was affiliated with Development Associates Inc. at that time, and DAI was announced as the donor, though Wasatch South Mountain owns the land.

To cash in on the gifts, the Utah Department of Transportation agreed to build the first phase through those properties in the southwestern valley, and on Thursday the department announced a contract with Copper Hills Constructors to start on the first 10 miles there next spring or summer. The Granite, Kiewit and W.W. Clyde construction

companies lead the consortium.

Millheim previously had chided state lawmakers for spending funds on local road projects that he thought should go toward speedy construction of Mountain View. In late-March 2008, just weeks after announcing the gift, he told *The Salt Lake Tribune* he was alarmed by a legislative directive to divert \$30 million, though Curtis at that time assured him that the state would complete the road past the properties by the agreed-upon deadline in 2015.

Since the development companies announced their land grants, prices have tumbled and UDOT project manager Teri Newell estimated that the remaining Kennecott and Sorenson gifts are now worth \$25 million to \$30 million. She would not estimate the price for Wasatch South Mountain's land because of pending purchase negotiations, but Millheim said it's up to \$10 million. It's the flattest and most geologically dense within the proposed housing development, he said, making would-be construction easier.

"It's very valuable ground," he said.

Loss of the gift won't slow the project, spokesman Nile Easton said, and it shouldn't drastically increase the road's cost.

"Luckily it's a real estate climate where we think we'll still get a heck of a deal," Easton said.

Transportation commissioners, in Ephraim on Thursday to view central Utah highway projects and conduct their monthly meeting, quizzed Newell about the gift's logistics: Was there nothing binding the company to its word? Might UDOT have taken ownership with quicker work to start construction?

Newell told them her staff has worked to speed the project as much as possible, but there was nothing binding Wasatch South Mountain -- just a letter of intent.

"It was certainly our intent," Millheim said later.